



The Office Of State Treasurer
Denise L. Nappier

News

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TRANSPORTATION BOND SALE DRAWS RECORD-BREAKING INVESTOR INTEREST

REFUNDING COMPONENT TO SAVE TAXPAYERS MORE THAN \$18 MILLION

HARTFORD, CT – A successful \$839.8 million Special Tax Obligation (“STO”) transportation bond sale drew historic levels of demand from investors -- demonstrating the attractiveness of Connecticut bonds and serving to reduce the cost of the borrowing, State Treasurer Denise L. Nappier announced today.

The bond sale, the largest of its kind in state history, consists of two series. The \$700 million 2015 Series A will fund transportation infrastructure improvements statewide and the \$139.8 million Series B will refinance existing bonds for savings.

The refunding will produce \$18.4 million in debt service savings over the next 13 years. Since Treasurer Nappier took office, her administration has saved taxpayers \$1.02 billion through defeasing and refunding State bonds.

The sale, held September 30 and October 1, included a one-day individual investor retail order period, during which \$441.8 million of retail orders were placed, primarily for Connecticut residents -- the highest level for any sale in the history of the State.

The Office of State Treasurer frequently gives individual investors priority during bond sales. This practice benefits both the State through a low-cost source of financing and its citizens by providing them the opportunity to generate tax-exempt investment income.

Nationally, more than 60 percent of municipal bonds are owned by individuals, either directly or through mutual funds. The marketing of Connecticut bonds to individual investors is designed to ensure that Connecticut citizens have an opportunity to buy bonds that are attractive vehicles for savings for retirement, college, and other personal financial goals.

Following the retail order period, bonds were offered to institutional investors, and a total of \$2.3 billion in orders was placed for the bonds offered. Because orders far exceeded bonds available, the State was able to reduce interest rates on the bonds in the final pricing. The final overall interest cost on the \$700 million, 20-year new money bonds was 3.24 percent.

The addition of a portion of the State's sales tax as pledged revenue for the Special Tax Obligation bonds, which was authorized during the 2015 legislative session, and the requirement that any revenues credited to the Special Transportation Fund be expended solely for transportation purposes, contributed to the interest in the bonds, according to feedback from rating agencies and potential investors.

Proceeds of the bonds will be used to fund transportation infrastructure improvements including the construction, repair, and rehabilitation of the State's highways and bridges, mass transportation and transit facilities, waterways, maintenance garages, and administrative facilities.

Among the specific projects to be funded are improvements to the New Haven Rail Line; the New Haven – Hartford – Springfield Rail Project; the I-84 Waterbury Improvement Program; and the I-95 New Haven Harbor Crossing Corridor Improvement Project.

Moody's Investors Service, Standard & Poor's, and Fitch Ratings confirmed the STO bonds at Aa3, AA, and AA, respectively, all with a Stable Outlook.

Updike, Kelly & Spellacy and Lewis & Munday were co-bond counsel for the sale. The underwriting team was led by RBC Capital Markets. Squire Patton Boggs LLP and the Law Office of Joseph C. Reid, P.A. served as co-underwriters' counsel. Public Resources Advisory Group and A.C. Advisory Inc. were co-financial advisors on the program. The sale is scheduled to close on October 15.

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